



United States Department of State

The Inspector General

Washington, D.C. 20520

January 27, 1984

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The Director
Central Intelligence
Washington, D. C.

Dear Sir:

Enclosed is a copy of the Inspector General's Report of Special Inquiry into the Lorton Papers.

Because of possible administrative disciplinary action now pending before the Director General, and the individuals' right to privacy, names and name-identifiable positions have been deleted from the copy provided to you.

The basis for release of this report is the fact that the findings and recommendations are of national security interest; access to them should be restricted accordingly.

The FBI's report of investigation has not yet been furnished to this office. Nevertheless, on the basis of INR's request for access to the FBI's report, I have asked if the Bureau would waive the third-agency rule or, alternatively, whether it would be willing to provide a briefing to the interested agencies. The Bureau has taken the request under advisement, and I will inform INR as soon as a response is received.

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DECL: OADR

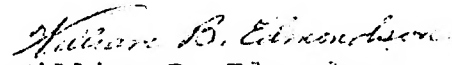
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For your information the FBI has informed this office that the Department of Justice has declined prosecution in the case of those Department employees involved. However, formal notification to this effect has not yet been received from the Department of Justice.

Sincerely,


William B. Edmondson
Acting

Enclosure:

Sanitized Report of Special Inquiry

Clearance: INR - Mr. Montgomery

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SPECIAL INQUIRY
INTO
THE LORTON PAPERS

WARNING NOTICE: The overall classification of this report is CONFIDENTIAL.

- No portion of this report may be released:
- a) until the Department of Justice has reached a decision regarding possible prosecution, and
 - b) without the concurrence of the Inspector General

January 9, 1984

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Classified by Harrick, Philip J.

Declassify on: OADR

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EXECUTIVE SUMMARY

The State Department Inspector General investigated all aspects of the discovery of classified material at the Lorton Correctional Facility. Classified documents were found in a surplus State Department file cabinet given to the prison in September, 1983. Additionally, classified data were discovered in several surplus memory typewriters given to Lorton in November, 1983.

The investigation determined that a cabinet containing file copies of the Secretary's Morning Summaries from January 1 through March 23, 1983 as well as two binders containing other classified material, was removed from the Bureau of Intelligence and Research in July, 1983 as "excess property." The cabinet was one of several removed from a secure storage area where Bureau personnel were microfilming ten years' worth of Morning Summaries. The INR storage area was used 24 hours a day by more than 75 cleared personnel, all of whom had access to any classified information in the area.

The investigation established that the individual with primary responsibility for the documents became aware of the disappearance shortly after its occurrence. While that individual asked others if they had seen or borrowed this particular group of summaries, no formal report of loss was made. The Inspector General also concludes that the officer responsible for removing surplus property from INR did not properly follow Department regulations concerning inspection of property declared surplus. Moreover, the investigation found that no further search for documents was routinely accomplished once the property left the office disposing of it. In sum, the Inspector General found that the documents' loss occurred because the safeguards concerning document control and surplus property were not adequately observed.

The memory typewriters were found surplus by the Bureau of East Asian and Pacific Affairs between January and October of 1983. The investigation found that the typewriters were not approved for use with classified information, but procedures for informing offices of that fact and assuring compliance with unclassified usage were not clearly established or effectively implemented. Before the typewriters were released from the Bureau, efforts were made to clear the memory units of the typewriters using the manufacturer's instructions. These were, unfortunately, inadequate to completely and permanently erase all

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data. The Inspector General found that transfer of data stored in memory typewriters was due to the improper use of the typewriters for classified material and inadequate permanent erasure procedures provided by the manufacturer.

The report included a series of recommendations designed to ensure that no recurrence of either incident can take place, and the Office of the Inspector General will pursue compliance with the recommendations. Although the Lorton disclosures were the only ones involving release outside the physical confines of the Department, the investigation also found that security procedures for safeguarding documents and data, particularly those in containers being moved from one location to another, were not being uniformly observed. Thus, the inspectors' recommendations will serve to improve safeguards and information handling procedures throughout the Department.

The results of the investigation concerning individuals will be referred to the Director General for appropriate disciplinary action. Additionally, the Federal Bureau of Investigation will receive the results of the Inspector General's inquiry for use in its separate assessment of whether any violation of criminal law has occurred.

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By memorandum dated November 17, 1983, the Secretary requested that the Office of the Inspector General assume responsibility for conducting an independent review of the circumstances surrounding the discovery of classified information at the Lorton Correctional Facility. The mandate given to the Inspector General was to ensure the most in-depth and impartial investigation possible; identify where and how present procedures were violated and/or proven inadequate; and to facilitate the development of recommendations to ensure that a similar loss does not recur.

The overview section provides a comprehensive chronology of events, discusses significant investigative findings, and summarizes the thrust of recommendations for corrective action. The five major sections which follow the overview set forth in detail S/IG's findings and conclusions, and contain specific recommendations for action. A concluding section completes the report.

On October 25, 1983, file copies of the Secretary's Morning Summary (top secret/codeword) for the period January 1-March 22, 1983, belonging to the Bureau of Intelligence and Research, Office of Intelligence Support (INR/IS), along with several other classified INR/IS documents, were discovered by Lorton Correctional Facility officers in the top two drawers of a gray, five-drawer filing cabinet that had been removed from the Department of State's Supply Services Center (SSC) warehouse. A group of approximately nine filing cabinets similar in appearance was excessed from INR/IS on two occasions, on or about July 12 and July 19. Seven of the INR/IS cabinets were delivered to the SSC, and the other two were transferred to INR's Office of Politico-Military Analysis (INR/PMA). The seven cabinets were held at the SSC until September 8, when they were included in a shipment of 16 cabinets and other excess office furnishings picked up by Lorton officials. The furniture was then stored in the Lorton warehouse that is located within the maximum security facility. Although no one could identify the cabinet in which the documents were found as being from INR/IS, there is no doubt that the documents were discovered in a State Department cabinet.

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The Morning Summary for March 23 apparently was also contained in the filing cabinet. A Lorton inmate, Charles Cox, who had access to the warehouse, apparently discovered the summaries, and unknown to Lorton officials at the time, removed the March 23 Morning Summary. He delivered this summary on November 7 to WTTG-TV reporter James Adams, who subsequently delivered it to Senator Charles Mathias. Mr. Adams and Senator Mathias returned the material to the Department on November 8. All INR/IS file copies of the Morning Summaries were delivered to INR/IS for a damage assessment, and later surrendered to the FBI for evidentiary purposes in connection with an independent investigation that the FBI is conducting under 18 USC 793.

In addition to those documents discovered at Lorton, INR/IS file copies of the Morning Summaries for the period July 17-November 19, 1979, were also discovered in one drawer of the filing cabinets transferred from INR/IS to INR/PMA.

The secretary [REDACTED] INR/IS, was the primary custodian for the Morning Summaries. She knew that the Morning Summaries for January 1-March 23 were effectively out of her custody, and therefore at least misplaced or misfiled, sometime in late July or early August. Because of the volume of material, no inventory or check-out system existed of Morning Summary files, which were available to the approximately 75 employees of INR/IS. Although she made inquiries and conducted a search for the documents, she failed to formally apprise her superiors or principal unit security officer that they were missing or lost. She was also aware sometime in July that the July-November 1979 summaries were out of her custody and missing, and failed to report this fact, or their discovery about a month later in the INR/IS file cabinets that had been transferred to INR/PMA. The custodian asserted that she had double-checked all the excess file cabinets for classified content and placed an empty sign on them before requesting that they be removed from INR/IS by [REDACTED] INR/EX [REDACTED]. The [REDACTED], who is also INR's [REDACTED] unit security officer ([REDACTED]), asserted that he would only remove those cabinets that had an empty sign on them, and that he, too, would inspect them for classified content immediately before removing them.

The inspectors conclude that the custodian was remiss in not maintaining proper custody and control of documents entrusted to her (5 FAM 903), and failed to report promptly the fact that the documents were missing or lost, as required by 5 FAM 965. In his capacity as [REDACTED] unit security officer, the [REDACTED] had the last clear opportunity and obligation (6 FAM 1256.1.e) to inspect the cabinets before forwarding them to the SSC or transferring them to INR/PMA. He failed to execute the

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required certification of inspection (6 FAM 1256.1.e), and given the fact that cabinets were later found by their Lorton and INR/PMA recipients to contain INR/IS file copies of the Morning Summary, the circumstances indicate that [REDACTED] failed to perform this responsibility thoroughly.

The inspectors are compelled to note several potentially mitigating circumstances developed during this inquiry. None of the cabinets used to store Morning Summaries was equipped with locks; the INR/IS area operates on a 24-hour, open storage basis, so that any of approximately 75 cleared personnel could have had access to these documents; and there was an alternate principal custodian of the summaries. Finally, most knowledgeable individuals were shown photographs of the cabinet found at Lorton containing the documents. The photographs indicated that the cabinet was marred, and those interviewed described the custodian's file cabinet as being in much better condition. However, because of certain identifying labels, there is no question that the cabinet transferred to INR/PMA came from INR/IS.

In addition to the documents, five Department IBM typewriters and memory units were transferred to Lorton, and later discovered by one of the recipients to contain unerased classified information. The five IBM memory typewriters were declared excess and removed from the Bureau of East Asian and Pacific Affairs (EA/IMBS, EA/P, and EA/RA) on August 25 and October 4, 1983. These were picked up at the SSC by Lorton officials during the first week of November. Lorton officials discovered that classified information was retained in external memory units of one of the typewriters. They reported this to Department officers on November 14. The FBI subsequently took custody of the machines on November 15. At the FBI laboratory, analysts were able to reproduce secret documents from two of the units and confidential information from a third unit. These machines were not approved for and should not have been used to process classified information. Apparently, no one had ever informed the typewriter operators of this fact, and the inspectors were unable to find any Department guidance requiring that machines be cleared prior to their disposal, or instructions as to how this should be done. Nevertheless, the operators asserted that they tried to clear the memory units of the typewriters according to the IBM instruction manual, and felt certain they had successfully accomplished this process. Obviously, their attempts were not successful. Given the lack of formal guidance and effective instructions, the inspectors do not find that the operators failed to perform their responsibilities properly. However, comprehensive guidance regarding security aspects of disposing of surplus automated office equipment is required.

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As a final observation, the inspectors note that at least one Lorton inmate had copies of portions of the March 23 Morning Summary passed to WTTG by inmate Charles Cox. While the FBI has recovered a number of copies, it is possible that some copies were not recovered, or that copies may have been mailed or otherwise smuggled out of the Lorton facility. Additionally, a review of the INR/IS microfiche disclosed that at least three INR/IS file copies of the Morning Summaries (8/11/79, 6/19/81, and 11/27/82) were not filmed. Presumably, these documents also must be considered as missing.

After thorough review of the inquiry, the inspectors have prepared comprehensive and specific recommendations designed to correct and improve existing procedures and to prevent any recurrence of such serious security breaches. S/IG will follow through on these recommendations in its inspection compliance process to see that appropriate action is taken. Briefly, recommendations were made to:

- Strengthen specific aspects of the regulations requiring amended and more comprehensive excess property certification procedures, expand guidance on security aspects of word processing or other ADP equipment, and cross-reference where appropriate.
- Bring INR current practices into conformity with Department security regulations to better safeguard classified information.
- Ensure that all IBM 100 and other word processing or ADP equipment not approved for classified information are identified, properly cleared, and removed from classified operations.
- Include the Supply Services Center as the final link in the chain of security responsibilities for excess property, and to define specific procedures to accomplish that purpose, and
- Realign certain Office of Security functions and insure that the Office effectively enforces the security regulations.

Details concerning the findings, conclusions, and resultant recommendations are found in specific sections of this report which address, in turn, the adequacy of regulations, the Bureau of Intelligence and Research, the IBM typewriters, the warehouse operations, and the Office of Security.

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A damage assessment is available from INR to cleared Department principals on a need-to-know basis. A separate report will be referred to the Director General by S/IG for consideration of administrative disciplinary action. The FBI and Department of Justice will consider whether a crime has been committed, and, if so, whether anyone should be prosecuted.

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I. Adequacy of Published GuidanceA. Regulations1. Security Regulations

The Department has published security regulations providing both policy and procedural guidance for employees. These are found in Volume 5, Section 900, of the Foreign Affairs Manual.

Included in these regulations are requirements for the executive director of each bureau to designate in writing a top secret control officer and an alternate (5 FAM 961.1 and 961.1-2b); the duties of these officers (5 FAM 961.1-3); the requirement for top secret inventories annually or upon change of custodian (5 FAM 961.1-5); the procedures for destruction of top secret documents (5 FAM 964.1.a-b); and the procedures to be followed whenever any employee discovers that classified material is missing (5 FAM 965).

In addition, the regulations provide that the head of each major functional area will designate in writing a principal unit security officer, permit the designation of assistant unit security officers (5 FAM 992.1), and delineate their duties (5 FAM 992.2).

The regulations also state that the Office of Security (A/SY) is responsible for developing, defining, inspecting, and advising on facilities, procedures, and controls for safeguarding classified information, and for the enforcement of the regulations. They also state that the Office of Security will establish inspection programs, and maintain active training and orientation programs for employees, including a continuing review of the implementation of the security regulations to ensure that national security information is properly safeguarded (5 FAM 903.d and 990.1).

Primary, individual, and supervisory responsibilities for safeguarding classified information are also described in the regulations (5 FAM 903.a-c). When taking security containers out of use, the regulations prescribe that the custodian must inspect them to ensure that all classified material has been removed (5 FAM 974.2e).

A/SY's implementing instructions on the investigation of loss or compromise of classified information are found in the Instructions and Procedures Manual, Volume 2, Section 520. These instructions describe A/SY's investigative procedures when there is a loss or possible compromise of classified or sensitive

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information, including assessing or coordinating the assessment of resultant damages, identifying the responsible persons and procedures, and making a detailed formal report of the investigation to preclude another loss under similar conditions (520.1.b and 523). The authorities for safeguarding classified information are also set forth (E.O. 11652; an NSC directive dated May 17, 1972; the criminal statute, 18 USC 793, and the Department's implementing regulations, 5 FAM 900).

The manual prescribes those procedures to be followed for routine security violations, i.e., where classified documents are found unsecured during working or after-hours inspections, and where temporary loss of control is inadvertent and compromise does not occur or is remote (524.12 and 524.13). Where a loss or compromise of classified information occurs, the manual describes the reporting responsibilities of individuals discovering the loss, including a comprehensive description of the documents; the circumstances that gave rise to the compromise; unauthorized persons who may have had access; a damage assessment; tracing the movement of the material; the person responsible for the loss; and steps taken to prevent a recurrence (524.21 and 5 FAM 965).

The manual levies specific and optional responsibilities for regional security officers in investigating the loss and possible compromise of classified information occurring abroad (524.23-524.26), and requires A/SY's Domestic Operations Division (A/SY/OPS/DO) to coordinate subsequent actions with areas in the Department and other agencies, if necessary (524.27).

2. General Services Regulations

The instructions for declaring excess nonexpendable property (desks, cabinets, tables, and other pieces of furniture with drawers or shelves) require that they be emptied before removal is made. In addition, the unit security officer must execute a memorandum or annotate the property transfer documents certifying that he has inspected the interior of each container (safe, safe-file, or bar-lock cabinet) and found it to be clear of any classified material. Arrangements for removal of security storage equipment will not be made until these requirements have been complied with (6 FAM 1256.1.a and 1256.1.e).

3. ADP Regulations

The regulations require that word processing equipment, defined as electrical typewriters, text-editing typewriters (word processors), and mini-computers (used to process or store classified information), must be approved by OC/S before being used to process classified information (5 FAM 600). These

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regulations also address installation, maintenance, inspection, storage, and storage device destruction requirements, but they do not address security procedures to be followed in disposing of surplus equipment. Replacement standards for office machines are addressed (6 FAM 1255), but security considerations are not mentioned.

B. Findings and Conclusions

The published security regulations (5 FAM 900) are comprehensive in scope and explicit on procedures to be followed. However, most INR/IS personnel interviewed were operating under the misconception that the Department's security regulations did not apply to them, and consequently do not adhere to them in any systematic or uniform fashion. INR/IS security officers asserted that they follow guidelines contained in a June 1982 Director Central Intelligence (DCI) document entitled Security Policy Manual for SCI Control Systems. However, they were not aware of any explicit or implicit authority that exempted INR/IS from adherence to the Department's regulations.

The inspectors are particularly concerned over the lack of adequate accountability procedures in INR/IS for safeguarding top secret and compartmented information, including destruction procedures and annual inventories (see following section).

A/SY personnel seemed equally uncertain as to the applicability of Department regulations to INR/IS, or of the extent of A/SY's jurisdiction over INR/IS observance of the regulations. Nonetheless, under Department regulations, A/SY is charged with responsibility for developing, defining, inspecting, and advising on facilities, procedures, and controls for safeguarding classified information, for enforcement of the regulations and for investigating the loss of classified information. A/SY is also responsible for establishing inspection programs as well as active training and orientation programs (5 FAM 990.1). A/SY did not carry out these responsibilities with respect to INR/IS (for discussion of A/SY, see section V of this report).

Notwithstanding the two sets of regulations (5 FAM 900 and the SCI Security Manual), the inspectors note the following language in the memorandum transmitting the SCI Security Manual:

"1. Applicability

...These provisions are not intended to intrude on the authority of Executive Agents or other operational program directors who will continue to

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prescribe basic operational direction for programs under their cognizance."

Since the SCI Security Manual treats only the subject of sensitive compartmented information, and in view of the excerpt cited above, it is clear that the Department's regulations, as they affect the broader issue of safeguarding classified information, are binding, should be adhered to by INR/IS, and enforced by A/SY. This interpretation was confirmed by Mr. Robert Walls, Deputy Director, Information Security Oversight Office, General Services Administration.

In declaring personal property excess, 6 FAM 1256.1.e requires that prior to arranging for removal, unit security officers certify -- either on the excess property transfer document or in a memorandum accompanying the transfer document -- that security containers are clear of any classified material. While the requirement to inspect and certify is a matter of good security procedure, it is apparently not followed in practice by unit security officers. Moreover, in a mechanical sense, the current procedures leave much to be desired, as there is no way to relate precisely the certification to specific security repositories that frequently are removed in multiple units, and since individual repositories are not uniformly marked with identifying data. The inspectors believe that inspection certificates should be executed for all office furnishings that contain drawers or shelves, and should also indicate removal of typewriter ribbons and erasure of memory banks or other storage media for electrical typewriters, word processors, or other ADP equipment. To permit specific identification of items inspected, adhesive certification labels should be affixed to each item of inspected property prior to removal. This will require rewriting 6 FAM 1256.1.a and 1.e. (Recommendation I-1), rewriting and cross-referencing other pertinent sections of the regulations (Recommendation I-2), and printing appropriate adhesive labels. (Recommendation I-3)

5 FAM 600 appears to contain the most comprehensive regulations regarding ADP equipment, although it does not address security aspects of the use and disposal of such equipment. The guidance calls for approval of equipment by A/OC/S prior to purchase and installation of classified word processing equipment (5 FAM 600), but this section is not cross-referenced in the procurement section of the regulations (6 FAM 1100 and 1200). Moreover, the inspectors found no record in either A/OC/S or in the EA Bureau that such approval had been requested prior to purchase or installation of the five IBM memory typewriters delivered to Lorton. Had approval been requested, A/OC/S advised that the use of IBM memory typewriters for processing classified information would have been denied as they do not meet TEMPEST

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standards. The inspectors have been informed that more comprehensive guidance is being promulgated by the A bureau. This should be published and codified, on a priority basis, with appropriate portions reflected in 6 FAM 1100 and 1200. (Recommendation I-4)

Section 520, Volume II, of A/SY's Instructions and Procedures Manual should be expanded to provide a more detailed description of the provisions of 18 USC 793, including guidance on criminal investigative procedures and the preservation and handling of evidence. Section 524.27 should be expanded to reflect A/SY/OPS/DO's primary role in investigating the loss or compromise of classified information occurring domestically. (Recommendation I-5)

Following the discovery of classified documents and IBM typewriters containing unerased classified memory units at Lorton, searches of desks, tables, and other excess property were conducted at the Department's warehouse facility. These searches disclosed that classified material from several bureaus was contained in various pieces of excess office furniture and cabinets, and that some typewriters still contained unclassified ribbons. The problem of inspecting furniture and equipment prior to its disposal as surplus clearly extends beyond the confines of INR and may indicate an unawareness of regulations or laxity in compliance.

Other sections of this report contain specific recommendations for corrective action. With respect to the regulations per se, the inspectors find a need for improved wording and cross-referencing. These recommendations follow.

C. Recommendations

The A Bureau should:

I-1. Combine 6 FAM 1256.1.a and 1256.1.e into one section. A suggested revision follows:

"1256.1.a. - Non-expendable

Non-expendable property that is in excess to the needs of an office is reported to the executive or administrative office, with information copy or advice to the unit security officer. If the property is determined to be in excess to the needs of the bureau, it is reported to the Supply and Transportation Division (A/OPR/ST) -- see sections 1256.2 and 1256.3.

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Desks, tables, book shelves, safe-files, safes, bar-locks, filing cabinets, or other property with shelves or drawers must be emptied by the custodian prior to removal; typewriters, data or word processing, and other ADP equipment must be cleared of any ribbons or sensitive information stored in memory banks or magnetic media by the operator prior to removal or disposal. The unit security officer, or information systems security officer where appropriate, will ensure that these instructions have been complied with prior to arranging for removal of the property; he will affix to the property an approved adhesive label indicating the office from which the property is being removed, the name of the custodian or operator performing the initial security inspection, the date inspected, and the name of the unit or information systems security officer certifying that the security inspection has been accomplished.

Combinations to safe files will also be reset by the unit security officer to the factory standards -- 50-25-50 for safe combinations, and 10-20-30 for combination padlocks used with bar-lock cabinets. A notation indicating disposition of the container shall be made on the office copy of form JF-5 or Optional Form 111, Combination Safe Card (5 FAM 972), and the copy forwarded to the Domestic Operations Division, Office of Security (A/SY/CPS/DO).

Arrangements for removal of office furniture and other personal property will not be made until these procedures have been accomplished."

I-2. Amend, as appropriate, 5 FAM 974.2, 6 FAM 233, and Chapter 3, Section II - Property Disposal, General Services Officer Handbook, to reflect language similar to that recommended for the revised version of 6 FAM 1256.1.a. All should be cross-referenced so that any changes to either the regulations or GSO Handbook will be noted in the other references.

I-3. Procure sufficient quantities of an appropriately designed adhesive label (see Recommendation I-1), and distribute them to all posts and Department executive offices with instructions covering their use as an excess property inspection certification. A suggested label format is attached.

I-4. Ensure that comprehensive standards are published and codified for all aspects of classified information systems - i.e.,

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planning, procurement, installation, use, security considerations, and disposal. These standards should be incorporated directly, and cross-referenced as appropriate, in 5 FAM 900, FAM 600, 6 FAM 233, 6 FAM 1100 and 1200, and the GSO Handbook.

I-5. Ensure that A/SY expands Section 520, Volume II, Instructions and Procedures Manual to reflect the potential criminal aspects (18 USC 793) of the loss or compromise of classified information, including criminal investigative procedures and the preservation and handling of evidence, and to reflect A/SY/OPS/DO's primary role in investigating the loss or compromise of classified documents occurring domestically.

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CAVEAT: THIS SECTION IDENTIFIES EMPLOYEES BY NAMEII. Bureau of Intelligence and Research (INR)A. Identity of Documents

The documents recovered from a five drawer file cabinet at the Lorton Correctional Facility consisted of INR Intelligence Support (INR/IS) file copies of the Secretary's Morning Summary for the period January 1 to March 22, 1983, inclusive. The March 23 summary, with back-up material, was delivered to WTTG-TV reporter James Adams by Lorton inmate Charles Cox on November 7, and subsequently returned to the Department by Senator Mathias and James Adams on November 8. Each summary was classified top secret/codeword and each contained classified back-up documents. The cabinet also contained, in a second drawer, two binders with the following material: (1) Indices of "Current Intelligence Highlights, April 10, 1978 to November 30, 1979" (confidential), and (2) "D. Chapman February 10, 1978 to July 31, 1979, In House Summaries" (top secret/codeword). One additional document, a June 9, 1959, top secret/codeword document originated by the U.S. Intelligence Board, entitled "Berlin Special Report No. 13," was subsequently discovered in the custody of a Lorton inmate during a shakedown of cells. Indications are that this document had been at Lorton for about a year. INR/IS officials confirmed that this document had come from INR, but they could not associate it with the Morning Summaries, the two binders, or with any individuals.

B. Chronology of Loss

For a number of years, the more current INR/IS file copies of the Secretary's Morning Summary, i.e., those issued within the preceding three months or so, were stored in the top drawer of an unlocked, five-drawer file cabinet, variously described as gray, grayish-brown/green, or green in color, located next to and under the primary custody of [REDACTED], secretary to [REDACTED], INR/IS. When this top drawer became filled with summaries, [REDACTED] would routinely transfer the documents for permanent storage to unlocked, five-drawer file cabinets located in the INR/IS Xerox room. Back-issue summaries covering approximately 10 years were chronologically filed in the Xerox room cabinets.

According to [REDACTED], the last summary filed in the Xerox room cabinets was for December 31, 1982. Since the cabinets in the Xerox room were then completely filled, [REDACTED] continued filing Morning Summaries in the top drawer of the five-drawer cabinet next to her desk beginning with the January 1, 1983 Morning Summary. It appears that on or about March 23, the top

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drawer of this cabinet was full. Summaries issued after that date were filed in a blue horizontal cabinet, also located in the immediate vicinity of [REDACTED] desk.

Although [REDACTED] had primary responsibility for these cabinets and the documents stored in them, a co-worker, [REDACTED], shared responsibility in [REDACTED] absence. Additionally, INR/IS is permitted by regulation to maintain open storage of special compartmented information (codeword) because it is a continuous 24-hour operation area under the control and observation of authorized personnel. Therefore, all personnel assigned to suite 6510A could have had access to these documents.

At some point in 1983, probably in the summer, the five-drawer file cabinet next to [REDACTED] desk was removed. [REDACTED] stated that she did not recall the disappearance of this cabinet until investigating officers raised the question with her in early December 1983.

Under the direction of [REDACTED], microfilming of the oldest summaries, dating from about 1973, commenced on June 7, 1983. On two dates in July, on or about July 12 and on or about July 19, a number of file cabinets, probably nine, were removed at the request of [REDACTED] by [REDACTED] INR/EX [REDACTED]. Two of these file cabinets were internally transferred by [REDACTED] to INR/PMA. [REDACTED] realized, in late July or early August, that two blocks of summaries, July 17-November 19, 1979 and January 1-March 23, 1983, were missing and conducted a search with negative results. Sometime in August, [REDACTED], foreign affairs analyst, INR/PMA, discovered copies of the Secretary's Morning Summaries in the top drawer of one of the INR/IS cabinets transferred to INR/PMA. [REDACTED] notified [REDACTED] of the discovery and she retrieved the documents the same day. These documents were subsequently identified by [REDACTED] as INR/IS file copies of the Secretary's Morning Summary for the period July 17-November 19, 1979.

The remaining seven file cabinets were removed from INR/IS and sent to the Supply Services Center (SSC) warehouse by [REDACTED] on or about July 12 and July 19. [REDACTED] stated that sometime in August, in order to complete the microfilming project, she requested and received a block of Morning Summaries from S/S-I for the period January 1-March 23, 1983, inclusive, which she microfilmed and returned the same day to S/S-I. On or about September 8, 1983, 16 file cabinets and 2 safe files were received at the Lorton Correctional Facility warehouse from the Department's SSC warehouse. On October 25, the Department was advised by Lorton of the discovery of the documents.

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C. Findings and Conclusions

Information largely based on interviews suggests that while disposing of surplus file cabinets in INR/IS, two cabinets, one received by INR/PMA and one received by Lorton, were not adequately inspected immediately prior to removal to ensure that they contained no classified materials as required by 5 FAM 974.2a. There is no dispute that the documents found in these two cabinets were the INR/IS file copies of the Secretary's Morning Summary. As [REDACTED] had primary custody of the documents and cabinets and, moreover, was responsible for the microfilming of the summaries and subsequent disposal of the cabinets, the inspectors conclude that she failed to maintain proper control and custody of the documents (5 FAM 903a.).

It is possible that [REDACTED] did, in fact, properly check the cabinets prior to removal as she asserted, but the circumstances do not so indicate. Otherwise the assumption must be made that some unknown person removed two separate blocks of documents, 1979 and 1983 summaries, and later placed them in the original drawers and cabinets that had previously been inspected by [REDACTED], or alternatively, that the wrong cabinets were removed. Neither of these theories changes the fact that [REDACTED] failed to retain proper control and custody of the summaries.

As INR's [REDACTED] unit security officer, [REDACTED] also failed to thoroughly inspect these cabinets either prior to or after removal from INR/IS as required by 6 FAM 1256.1.e. Given the circumstances, [REDACTED] assertion that he properly inspected these cabinets immediately prior to removal lacks credibility, particularly since he failed to execute the required certification of inspection.

[REDACTED] also failed to report the loss of these documents as required by 5 FAM 965. [REDACTED] admitted that she was first aware of the missing summaries in late July or early August, conducted a search for both the 1979 and 1983 missing summaries, and made inquiries as to the whereabouts of the documents while assuming they were still somewhere in INR/IS. She maintained this presumption even after the 1979 summaries were subsequently found by INR/PMA in a cabinet disposed of by INR/IS. She further failed to report that the 1979 summaries had been out of her control and custody. Finally, [REDACTED] did not report that the five-drawer cabinet, presumably containing the January 1-March 23, 1983 summaries, was missing from her work area.

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The inspectors are compelled to note several potentially mitigating circumstances developed during this inquiry. None of the cabinets used to store Morning Summaries was equipped with locks; the INR/IS area operates on a 24-hour, open storage basis, so that any of approximately 75 cleared personnel could have had access to these documents; and there was an alternate principal custodian of the summaries. Most knowledgeable individuals were shown photographs of the cabinet found at Lorton containing the documents. The photographs indicated that the cabinet was marred, and those interviewed described the custodian's file cabinet as being in much better condition. [REDACTED] also asserted that her file cabinet had thumb-latch releases on each drawer, while the cabinet at Lorton was not so equipped.

D. INR Internal Procedures

Concurrently with this inquiry, meetings were held with representatives of INR/IS to review existing internal procedures for handling classified materials. These discussions took place within the framework of published Director of Central Intelligence (DCI) procedures, Department of State regulations, and INR/IS internal operating procedures. The inspectors' findings are reported below.

E. Findings and Conclusions

Operationally, INR/IS is divided into five offices -- current intelligence, telecommunications, security, document control, and information handling. Sensitive compartmented information (SCI) is governed by separate guidance, the Security Policy Manual for SCI Control Systems, issued by the Director of Central Intelligence. There are no inconsistencies in the application of Department security regulations (5 FAM 900) and SCI procedures to non-codeword material within INR. However, INR/IS personnel operated under the assumption that only the SCI procedures needed to be followed for codeword material. It is true that the SCI procedures must be followed by INR/IS, but there is neither an explicit nor implicit exemption from the concurrent obligation to comply with 5 FAM 900. INR/IS is a part of the Department, and the Department has a responsibility to ensure that classified material entrusted to its care is properly safeguarded in accordance with its regulations. In fact, the SCI procedures complement 5 FAM 900.

Steps must be taken to bring INR/IS into compliance with 5 FAM 900. Although INR/IS personnel have indicated agreement in principle, they asserted that compliance will be difficult considering the enormous volume of both hard copy and electrically

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transmitted material that INR/IS handles daily, and in view of the limited resources available to that office. According to INR/IS, these two factors severely hamper efforts to adequately safeguard, account for, and dispose of INR/IS material.

For example, the Department's security regulations (5 FAM 961.1-2.b) require that each bureau top secret control officer (TSCO) will have primary responsibility for the accountability of all material and records within the bureau. In practice, when the INR TSCO (non-codeword section) and SCI control officer (codeword section) receive hard copy material, they properly record receipt. However, once dissemination is made to an INR user office, there is no mechanism in place to prevent the user office from transmitting the document to another office or entity without the knowledge and consent of the primary control officer (5 FAM 961.2-5).

TSCO's are required to record destruction of top secret material on the top secret cover sheet, and maintain those records for 5 years. However, both the INR TSCO (non-codeword) and the SCI control officer assume that the user office is responsible for destruction, and do not inspect destruction log registries. Since compliance is not monitored, accountability is not assured.

TSCO's are also responsible for conducting and submitting annual inventories of top secret documents (5 FAM 961.1-5 and 964.1). Neither the INR TSCO nor the SCI control officer conduct or submit these inventories as required.

The problem of accountability is further exacerbated because of the great volume of electrically transmitted information. Some, but not all, cables are provided with cover sheets and control numbers. With the exception of the telecommunications file copy, however, there is no accountability for distributed copies of electrically transmitted information.

The inspectors recommend that the INR and the SCI control officers thoroughly familiarize themselves with 5 FAM 900, and bring their operations into conformity with Department security regulations. (Recommendation II-1) The inspectors recognize that the volume of material received, operational requirements, and personnel resources may inhibit full compliance with this recommendation. Accordingly, INR/IS Security Branch (INR/IS/SB), together with A/SY/OPS/DO, should reach a mutual understanding covering acceptable variances from procedural regulations, including compensatory measures. The proposals should then be submitted to M for approval and the issuance of a waiver. (Recommendation II-2)

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When top secret or codeword documents are delivered to INR after hours, the watch officer receipts for them. The inspectors are concerned that the TSCO or the SCI control officer might not be informed of the receipt, or of any subsequent dissemination by the watch officer. INR should ensure that an after hours registry is maintained by the watch officer, and that this registry is reviewed by the TSCO or SCI control officer at the opening of business to insure accountability (see Recommendation II-1.).

INR/IS personnel receive a comprehensive indoctrination briefing when they first report for duty, but there are no continuing refresher briefings. INR/IS/SB should institute an annual briefing program for INR/IS employees. (Recommendation II-3)

There are numerous procedures, regulations, and guidelines -- some written, some not -- that relate to INR internal practices. The INR principal unit security officer should reduce these procedures and guidelines to writing for the guidance of all INR personnel. (Recommendation II-4) A copy should be utilized by INR/IS/SB in briefing its employees, and should be supplemented by an internal standard operating procedure (SOP) that incorporates both SCI security regulations and 5 FAM 900 (with agreed upon procedural variances). Each employee should receive a personal copy of this publication. (Recommendation II-5)

The inspectors also learned that INR/IS is scheduled to acquire new automated data processing (ADP) equipment; old equipment is to be declared surplus. To preclude the possible compromise of classified material, INR/IS/SB should contact A/ISS for guidance concerning the proper degaussing (permanent erasure) of storage media. (Recommendation II-6)

According to INR personnel interviewed, the last comprehensive physical and procedural internal inspection of INR/IS occurred when the office was accredited to handle SCI information. Such an internal inspection should be accomplished in accordance with section 50, Security Policy Manual for SCI Facilities. (Recommendation II-7)

INR/IS should also be provided with internal, security-approved, document destruction devices such as cross-cut shredders. (Recommendation II-8)

INR/IS/SB personnel have expressed reservations about their ability to adequately implement the requirements of 5 FAM 900. INR/IS/SB personnel also advised that they had unsuccessfully sought an additional full-time position. Given the volume and

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sensitivity of information routinely handled by INR/IS, and the importance of ensuring that such highly sensitive information is adequately safeguarded, INR management should review INR/IS/SB resource requirements and insure that it has sufficient staffing to properly discharge its responsibilities. (Recommendation II-9)

F. Recommendations

II-1. The INR TSCO and the INR/IS SCI control officers should thoroughly familiarize themselves with the provisions of 5 FAM 900, and bring their respective operations into conformity with the regulations, or obtain a waiver from M (see next recommendation.).

II-2. INR/IS/SB should meet with representatives of A/SY/OPS/DO and reach a mutual understanding as to how INR/IS is to implement 5 FAM 900, and what variances from these regulations, if any, are acceptable to M, which should then issue a waiver of the regulations.

II-3. INR/IS/SB should annually conduct a briefing of all INR/IS employees.

II-4. The INR principal unit security officer should reduce all INR-internal guidance and procedures to writing for the guidance of all INR personnel.

II-5. INR/IS/SB should prepare supplemental guidelines to those prepared by the principal unit security officer. These guidelines should describe in writing those special procedures to be followed by INR/IS personnel, including adherence to 5 FAM 900 (with any approved variances). Each employee should receive a personal copy of this guidance.

II-6. INR/IS/SB should contact A/ISS for guidance on degaussing of storage media prior to declaring excess current ADP equipment.

II-7. INR should accomplish a comprehensive internal physical and procedural survey of its SCI facility in accordance with section 50, Security Policy Manual for SCI Facilities.

II-8. INR/IS should obtain sufficient internal destruction devices, such as approved cross-cut shredders, for destruction of classified information.

II-9. INR management should review INR/IS/SB staffing to ensure that it has adequate resources to accomplish its mission.

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III. IBM Memory TypewritersA. Background

During 1983, offices of the Bureau of East Asian and Pacific Affairs (EA) disposed of a number of excess IBM 100 memory typewriters. These typewriters were equipped with either detachable external memory units or with internal nondetachable memory units. The typewriters were stored at the Department's Supply Services Center (SSC) warehouse until the first week of November. At that time, Ms. Irma Clifton, property manager, Lorton Correctional Facility, picked up five IBM typewriters (four equipped with external memory units, and one equipped with an internal memory unit) from the SSC, and took them to Lorton where they were distributed to various offices. Upon activation, one user was able to retrieve classified information from his typewriter. He advised Ms. Clifton, who then regained custody of the machines and notified the Department on November 14.

The Office of Security (A/SY) began its investigation of this incident on the same day. The FBI, which was conducting its own investigation into the discovery of classified INR/IS documents found at Lorton was informed on November 14, about the typewriters by A/SY, and on November 15, took into its custody the four external memory units, the typewriter with internal memory, and one additional typewriter to activate the external units.

The FBI was able to reproduce a number of documents from the memory units, copies of which were furnished to the inspectors on November 23. Two units contained either unclassified information (EA/P) or no data (EA/IMBS), one unit contained confidential information (EA/IMBS), and two units contained secret information (EA/IMBS and EA/RA).

At the request of the inspectors, EA/IMBS and EA/RA prepared damage assessments that were subsequently turned over to A/SY in accordance with regulations.

B. Findings and Conclusions

The inspectors were able to identify the user office and individual operators through document analysis and equipment serial numbers. EA/EX excess property records revealed that on August 25 and October 4, a total of five memory typewriters were turned over to the SSC. A sixth memory typewriter, the detachable memory unit of which was found at Lorton, was declared excess earlier in the year, on January 5.

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Memory units of three of the typewriters were not properly erased by their operators. One operator stated that she followed the IBM manual for clearing the memory unit, and after completing the process, checked her work by trying to recall documents from the memory unit. Unable to do so, she presumed she had successfully cleared her unit. The second memory unit was "cleared" by a secretary who was not the unit's principal operator. She stated that she had followed her operator's manual and received instructions on the clearance process from a third secretary, and that after attempting to clear the memory unit, she was unable to recall any text from the unit. She therefore assumed that the memory unit had been properly cleared. The third unit was apparently never cleared by anyone. Its principal operator initially claimed that she was transferred from the office before the typewriter was declared excess; EA excess property records indicate the equipment was disposed of approximately 3 weeks before her reassignment, and therefore should have been cleared by her prior to its disposal. When confronted with this conflicting information, the operator could not recall specific details. She vaguely recalled that she could have placed a typewriter in the EA/IMBS file room, but remained confident that she would not have placed the memory unit with the typewriter unless the memory unit had first been cleared. She did not recall clearing, or being asked to clear, the memory unit.

The typewriters in question were initially leased from IBM during 1978-79, and purchased on or about September 4, 1979. No evidence could be found to indicate that EA/EX had either requested or received approval from OC/S to use the IBM memory typewriter for processing classified information, as required by 5 FAM 611 and 612. OC/S personnel advised that the IBM Memory 100 typewriter has not been approved for classified use by the Department. The inspectors note that 5 FAM 612 applies only to word processing equipment used for classified operations; equipment used in unclassified operations apparently needs no OC/S approval. None of the equipment operators or other personnel interviewed in EA/IMBS, EA/RA, or EA/EX was aware that the IBM memory typewriters were not approved for classified word processing. Department regulations (5 FAM 613) also require that Foreign Service posts submit procurement requests (funded requisitions) for classified word processing equipment to A/OPR/ST through OC/S; the requirement to route domestic procurement through OC/S is omitted.

The inspectors were also unable to find published guidance requiring personnel to clear memory units or storage media devices of electric typewriters, word processors, or other automated data systems, or specifying when and how this should be accomplished.

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Given the lack of Department guidance and the fact that operators attempted in good faith to clear their typewriter memory units following IBM Manual procedures, the inspectors find that the operators did not fail to perform their duties responsibly.

Guidance regarding all aspects of ADP equipment, with emphasis on security concerns, should be issued. This recommendation is made in Section I - Regulations.

To eliminate the possibility that other IBM 100 memory typewriters have been or are being used to process classified information, the A Bureau should identify all IBM 100 memory typewriters currently in use in the Department or overseas. The memory units of all such typewriters should be degaussed and removed from classified operations. (Recommendation III-1) The inspectors are also concerned about the potential misuse of other non-Tempest approved equipment being used to process classified information, and see the need for a mechanism to ensure that no word or data processing equipment is improperly utilized or disposed of by any office without first being professionally inspected to ensure that memory units or storage media devices have been permanently erased (degaussed) through approved procedures. The A Bureau should consider how and by whom this should be accomplished, recognizing that this may entail a physical survey and periodic inspections. (Recommendation III-2)

Finally, the A Bureau should ensure that the concerns of A/OC, A/ISS, A/ISO and A/SY about word and other ADP systems are being adequately met under existing arrangements. One large office, having sole responsibility for the administration of all aspects of word or ADP equipment, might better serve the needs of the Department. Properly staffed with experts, this office would be responsible for issuing comprehensive guidance, coordinating and providing all pre-purchase approvals (i.e., physical and technical security considerations), supervising installation, maintaining master inventories of equipment, and providing technical guidance and assistance in clearing (degaussing) memory devices prior to their disposal. (Recommendation III-3)

C. Recommendations

III-1. A should identify and ensure that all IBM 100 memory units currently utilized for classified word processing are degaussed and that such equipment is removed from classified operations.

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III-2. The A Bureau should establish an appropriate mechanism to ensure that user offices are aware of which word processing or ADP equipment is approved for processing classified information, and that no word processing or ADP equipment is misused. It should also ensure that such equipment is not disposed of without first being professionally inspected to ensure that memory units or storage media have been properly cleared.

III-3. The A Bureau should ensure that the ADP concerns of A/OC, A/ISO, A/ISS, and A/SY are being adequately met, and examine whether the Department's interests might be better served by having a single office administer the ADP program.

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IV. Supply Services Center (SSC) - Warehouses at SA-4 and SA-7, NewingtonA. Warehouse Operations

The Department maintains two warehouse facilities at Newington, buildings SA-4 and SA-7. SA-4 houses surface pouch unit operations and certain Office of Security activities. In addition, there are approximately 18,000 square feet of storage space for excess property of all kinds. SA-7 is a facility of about 64,000 square feet that is utilized for storage of new and refinished property, various supplies for Department operations, and furniture, supplies, and equipment destined for overseas posts.

Excess property, such as those cabinets and IBM electric typewriters sent to the Lorton Correctional Facility, would have been received from the Department and stored at SA-4 pending disposition.

The SSC is responsible for receiving, storing, and distributing new property. In addition, it receives surplus property from operating elements of the Department; stores serviceable equipment, supplies, and furniture for which there is a continuing need; manages a program to refinish or refurbish non-metallic office furniture; and disposes of equipment which is either unserviceable or otherwise in excess to the Department's needs.

SSC personnel advised that the refurbishing of non-metallic office furniture has been accomplished at Lorton for many years through a GSA contract. Office furniture such as desks, chairs, cabinets, safes, tables, and typewriters, whether serviceable or not, that is in excess to the Department's needs may also be made available to other government agencies, including Lorton, that request them. Such property may also be sold through the General Services Administration.

SSC personnel did not have a written office standard operating procedure (SOP) setting forth guidelines to be followed in processing excess property, although an SOP was being developed during the course of this inquiry. (Recommendation IV-1)

They did advise that when property is sent from Department offices, the bureau or office transferring excess property completes form SF-120 - Report of Excess Personal Property -- identifying the items to be picked up. Sometimes, however, an oral request is made, and form SF-120 is not always completed. 6 FAM 1256.1.e requires that before arrangements are made for the

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removal of security storage equipment (such as safes, safe-files, and bar-lock cabinets) the unit security officer will either annotate the property transfer document or attach a memorandum to the transfer document (SF-120) certifying that the interior of each cabinet has been inspected. Personnel interviewed at the SSC were unaware of these regulations and consequently did not insist on compliance by the disposing office prior to pickup. (Recommendation IV-2) The SSC files containing all excess property transfer requests for FY 83 were reviewed by the inspectors, and none was found to contain the required security certification.

There is no fixed responsibility, either in position description or individual work requirement statements, for SSC personnel to inspect safes, safe-files, cabinets, desks, tables, book cases, or other office equipment upon receipt or immediately prior to transfer. (Recommendation IV-3) Despite the lack of formal instructions, SSC personnel have taken it upon themselves to inspect excess safe-files (i.e., those with built-in three-way combination locks) following receipt in the warehouse. This inspection is accomplished as time permits, and does not extend to filing cabinets, desks, tables, and typewriters. Although safe-files are inspected, no notation is made on the safe-file, and no other record is kept.

Subsequent to the October 25, 1983, discovery of classified information at Lorton, several special shakedown inspections of excess property stored in the warehouse were conducted by SSC personnel. These inspections disclosed various classified documents or safe combinations in filing cabinets, tables, and desks. A subsequent, more intensive inspection was then conducted on November 17 by personnel from A/SY, A/ISS, SSC, and a contingent of Marine Security Guards. As a result, the following additional items were recovered from barlock cabinets and desks: five card or notes containing safe combinations, one LOU cable, one LOU memorandum, seven cassette ribbons from IBM typewriters (later determined to be unclassified), other miscellaneous unclassified documents, and one confidential telegram.

SSC personnel advised that over the years, as a result of their inspections, they had discovered a number of surplus safe-files that contained classified information. While no formal records were kept, SSC personnel thought that this would occur three or four times in an average year. (Recommendation IV-4) When classified information was discovered, SSC procedure was to notify A/SY, which would then make arrangements to pick up the material. A security officer in A/SY/OPS/DO verified the SSC estimate as accurate, although he advised that no formal records of such reports from the SSC were maintained by A/SY. This

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officer also stated that several times in the past, recipients of cabinets returned to service by the warehouse had called him to advise that the cabinet delivered to them contained classified information. In such cases, A/SY has tried to identify the responsible office and employee, and where appropriate to issue a security violation.

Efforts to track the property disposition process for the INR/IS file cabinets and EA Bureau IBM memory typewriters were hampered by the lack of records. SSC personnel could not tell the inspectors precisely when the items were received from the Department, from what office they had come, who delivered them and on what date they were received in the warehouse, when they left the warehouse, and who picked them up. However, SSC personnel and A/OPR/STP/S personnel had submitted memoranda to the effect that sometime during the first week of September, 43 excess items were shipped from the SSC to Lorton, including 6 filing cabinets and 2 safe-files. Lorton officials who picked up the excess property from the warehouse were questioned; their records reflect that the pick up was made on September 8. They showed the inspectors the cabinets that had been picked up. A physical count revealed 16 filing cabinets and 2 safe-files, not 6 and 2 as A/OPR/STP and SSC personnel had asserted. That was also consistent with the Lorton officials' personal recollection that 10 or more filing cabinets were provided to them by the SSC. The IBM memory typewriters were apparently sent to Lorton on the basis of a verbal request, since SSC personnel were unable to produce any documentation covering their transfer.

These discrepancies call into question the accuracy of current inventory records, and the A Bureau should ensure the adequacy of recordkeeping at the SSC. (Recommendation IV-5)

The inquiry at the SSC also disclosed that the chief, property section, SSC, is frequently called upon to perform TDY assignments abroad, and in fact was on a TDY assignment in Antigua from June 2 to August 21, during which time the INR/IS cabinets were sent to the SSC. These frequent absences not only disrupt the continuity of SSC operations, but may also have contributed to the lack of detailed recordkeeping. The inspectors understand that this officer is soon to be transferred from the SSC. Filling that vacancy should be a matter of high priority and the practice of tasking this officer with TDY assignments should be severely restricted or stopped entirely. (Recommendation IV-6)

B. Findings and Conclusions

The final link in the chain of responsibility for excess

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personal property is logically the SSC. No one in the SSC, however, is assigned formal responsibility for advising disposing offices of the requirement to certify that containers have been cleared of classified documents prior to scheduling pick up, and no one at the SSC has formal responsibility to double-check all excess property upon receipt. The inspectors did not review the volume of excess property sent to the warehouse on an annual basis; the A Bureau should ascertain whether the SSC would require increased staffing to carry out this comprehensive inspection function. (Recommendation IV-7).

The widespread failure on the part of custodians and unit security officers to inspect and certify that containers have been cleared of classified information prior to their disposal indicates either lack of knowledge of the regulations or laxity in compliance. The inspectors understand that A/SY has undertaken a briefing program to familiarize principal unit security officers this requirement.

The frequent discovery and reporting by SSC personnel of classified information in excess safe-files should have raised storm signal warnings in A/SY, and should have led to remedial action. The inspectors were informed by operational personnel in A/SY/OPS/DO that resource limitations, combined with a need to respond to more urgent requirements, prevented a more aggressive enforcement of the regulations. A/SY resource requirements are discussed in the A/SY section of this report.

C. Recommendations

The "A" Bureau should:

IV-1. Insure that an SSC standard operating procedure (SOP), providing detailed guidance for disposing of excess personal property, is published on a priority basis.

IV-2. Ensure that the SSC SOP reflects that Property Section personnel remind disposing offices of the requirement that custodians empty containers and unit security officers execute an appropriate certification of inspection prior to making arrangements for pick up.

IV-3. Ensure that the SSC SOP and individual work requirements statements establish formal responsibility for inspection of all excess property with drawers or shelves upon receipt in the warehouse, and prior to co-mingling with the general inventory. A label indicating the date inspected and by whom should be affixed to each inspected item.

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IV-4. Ensure that the SSC SOP requires that whenever classified information is discovered during the inspection of excess property, a memorandum report is submitted to A/SY. These reports should be maintained on file in the SSC, and should provide a description of where, and by whom the documents were found.

IV-5. Satisfy itself as to the adequacy of SSC inventory records.

IV-6. Attach a high priority to finding a successor for the soon to be transferred chief of the Property Section at the SSC. The practice of tasking the incumbent of this position to perform TDY assignments should be restricted or eliminated.

IV-7. Review whether the SSC is adequately staffed to handle its routine operational duties while absorbing the additional responsibility to inspect all incoming excess property for classified documents (see Recommendation IV-3).

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V. The Office of Security (A/SY)

A. A/SY Activities Following Notification of Discovery of Classified Information at Lorton

On October 25, 1983, officials of the Lorton Correctional Facility telephoned the Department's Office of Security and reported the discovery of classified Department of State documents at the facility. The Office of Security's Domestic Operations Division (A/SY/OPS/DO) dispatched one of their security officers to Lorton to recover the documents and speak with Lorton officials. At Lorton, the SY officer obtained the documents, which were file copies of the Secretary's Morning Summary for the period January 1-March 22, 1983, inclusive, belonging to the Bureau of Intelligence and Research, Office of Intelligence Support (INR/IS). On his return to the Department, the Security Officer notified INR. INR's security branch (INR/IS/SB) responded to the call by sending one of their unit security officers to SY/DO to retrieve the documents.

At that time, representatives of SY/DO requested INR to conduct an inventory of the documents, conduct a damage assessment, advise concerned U.S. Government agencies, and conduct an internal investigation. SY officials indicated that these instructions were issued for two reasons. First, since the incident did not appear to involve intentionally unauthorized disclosure, SY/DO proceeded according to its standard practice -- the matter was returned to the unit to which the documents belonged for a report. Second, SY/DO indicated a reluctance to pursue an immediate investigation until INR/IS could prepare a damage assessment.

After inventorying the documents, an INR/IS unit security officer advised SY/DO orally that no documents were missing. This was corroborated in a memorandum to A/SY dated October 28 from the custodian of the documents. The Acting Deputy Assistant Secretary for Security (DASS) was briefed by SY/DO on October 25. The Acting DASS advised that he briefed the Assistant Secretary-designate for Administration and representatives of the Office of the Assistant Secretary for Administration on that day, or the day following. The DAS, Security, who was out of the country at the time the documents were discovered in Lorton, was not apprised of this incident until inquiries were made by Department senior management in November.

Having no knowledge of events as they unfolded on October 25 the Special Investigations Branch, Division of Investigations (A/SY/I/SIB) became involved through a source at the Metropolitan

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Police Department (MPD). MPD advised that they had received information from a corrections officer at Lorton concerning the discovery at Lorton of a number of sensitive Department of State documents. Following this lead, SY/SIB contacted the corrections officer at Lorton on November 4, and arranged to interview him the same day. After the interview, one of the SY/SIB interviewing officers telephoned SY/DO. This call was made late in the afternoon of November 4. However, none of SY/DO's security officers was present and the SY/SIB officer spoke with a secretary. The SIB officer reported the substance of the interview and was informed that SY/DO had already visited Lorton, picked up Department documents, and had initiated an investigation.

It appears that the two A/SY employees -- the SY/SIB officer and the SY/DO secretary -- believed that the recovered documents represented all the Department material located at Lorton. As events later proved, however, these were not all the documents. Unknown to Lorton officials at the time, one of the inmates who had access to the material had removed the March 23 summary; this was therefore not recovered by the SY/DO security officer on October 25.

On November 8, SY/DO received a telephone call from Lorton advising that one of its inmates had provided additional Department documents to the news media, specifically to WTTG-TV reporter James Adams. Mr. Adams then gave the additional documents -- the March 23 Morning Summary -- to Senator Charles Mathias, Chairman of the Senate's Committee on Intelligence Oversight. Subsequently, Senator Mathias and the reporter from WTTG-TV visited the Department on November 8 to turn over the documents. During their interviews of Lorton inmates at the correctional facility on November 9, two SY/DO officers learned that the FBI was conducting its own investigation into the loss. This was corroborated by two FBI representatives who visited SY/SIB on November 10. The FBI cited 18 USC 793(f) as the basis for their jurisdiction in the case. They indicated that the FBI was interested in pursuing the case as a violation of laws pertaining to the protection and handling of classified information.

On November 9, the corrections officer who was previously interviewed on November 4 returned to the Department for another interview. He appeared at the offices of SY/SIB. SY/SIB advised SY/DO of his appearance, but was told that there were no officers available in SY/DO to conduct the interview. SY/SIB was therefore requested to conduct the interview and report the results to SY/DO. This was accomplished by an SY/SIB security officer and reported in two memoranda dated November 10. On November 14, the

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chief of SY/SIB received a telephone call from the Lorton corrections officer who had been interviewed previously. The results of this conversation were recorded in a memorandum dated November 15, and forwarded to SY/DO. With the FBI's involvement in the incident and the responsibility for the Department's inquiry being assumed by the Office of the Inspector General (S/IG) on November 17, A/SY's active involvement terminated.

B. Findings and Conclusions

The Office of Security has the responsibility to investigate violations of security regulations (5 FAM 900). It has divided this responsibility between two offices. Unauthorized disclosures, commonly referred to as leak of information cases, are handled by the Special Investigations Branch, Division of Investigations (A/SY/PSI/I/SIB). More routine violations, such as documents left unsecured on desks or tables, or unlocked security repositories, are processed by the Procedural Branch, Division of Domestic Operations (A/SY/OPS/DO/PB).

The Division of Domestic Operations (DO) was the office initially contacted by Lorton officials on October 25, following their discovery of the Secretary's Morning Summaries and other classified documents in a filing cabinet that had been declared excess by the Department.

DO's Procedural Branch (PB) was tasked with the retrieval of the documents and subsequent inquiries. PB is staffed by only one security officer and one secretary. The officer's duties include, but are not limited to, the following:

- Receiving, adjudicating, and preparing records and correspondence relating to security violations occurring both domestically and abroad. According to the incumbent, approximately 2000 reports of security violations are processed each year.
- Managing the Department's Unit Security Officer and Top Secret Control Officer programs, to include determination of their designation, briefing officers on their responsibilities, and responding to their questions.
- Serving as security liaison officer to all Department bureaus and overseas posts.

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- Coordinating the Department's industrial security program.
- Responding to all requests from Department elements, other agencies, and commercial firms regarding the Department's security regulations.
- Conducting comprehensive security surveys of commercial firms as required under the industrial security program.

The inspectors believe that these duties are too numerous to be discharged adequately by one individual. As recently as 1982, five officers were assigned to PB, which then had responsibility for all aspects of procedural security violations, including leaks of information. Because of shifting priorities and new or expanded operational requirements within A/SY, two officers were transferred from PB without replacement. Then, in November 1982, as part of a larger realignment of functions within A/SY, responsibility for investigation of leak of information cases was transferred from DO/PB to I/SIB. Two PB positions were consequently lost to SIB, leaving PB staffed by only one officer. Within a year, PB lost 80 percent of its staffing, while retaining all of its responsibilities except the investigation of leaks of information.

As is apparent from developments in the Lorton case, what may initially be perceived as a matter falling within the purview of DO/PB could easily escalate into the area of unauthorized disclosure, which falls under the purview of I/SIB. This division of responsibility is conducive to poor or misunderstood interoffice communications, has the potential for overlapping jurisdictional concerns, and may lead to a failure of one branch to appreciate adequately the significance of investigative developments occurring in the other branch. All of these factors argue strongly that responsibility for investigating all aspects of procedural security violations be reconsolidated into DO/PB, together with adequate resources to carry out PB's responsibilities. (Recommendation V-1)

Properly staffed, DO/PB should then have the flexibility to conduct inquiries of major security infractions, meet recurring and priority requirements, and conduct physical and procedural security surveys of Main State, a function long neglected. (Recommendation V-2) The inspectors also note that in a 1979 S/IG inspection of A/SY, a recommendation was made to reorganize DO/PB (it then had a complement of five officers) so that the officers of that branch were assigned liaison responsibility for designated

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Department bureaus and offices. A/SY/OPS/DO implemented this recommendation, but later abandoned it because of the loss of personnel. This earlier S/IG recommendation should be reimplemented. (Recommendation V-3)

DO is also responsible for maintaining active training and orientation programs for employees involved with classified information to impress upon each employee individual responsibility for exercising vigilance and care in complying with provisions of the security regulations (5 FAM 990.1). Except for the initial briefing of newly appointed unit security officers and top secret control officers, DO has been unable to pursue such a program, assertedly due to resource limitations. Restoration of full staffing to DO/PB should permit A/SY more adequately to address this requirement.

In addition, A/SY appeared to be uncertain as to the extent of the applicability of 5 FAM 900 to the Office of Intelligence Support, Bureau of Intelligence and Research (INR/IS), which is a sensitive compartmented intelligence facility (SCIF). This uncertainty existed because INR/IS is guided by a separate SCI security manual, and has its own internal security branch (INR/IS/SB). As the circumstances surrounding this breach of security regulations initially appeared to fall within A/SY's definition of routine violations, and because A/SY/OPS/DO knew that INR/IS had its own set of regulations and security branch, and believed that completion of a damage assessment was the first order of priority, it returned the Lorton papers to INR/IS/SB immediately following their discovery, and delayed its own formal investigation until the damage assessment could be completed. In the course of S/IG's inquiry, the inspectors confirmed, through the Information Security Oversight Office, General Services Administration, that the SCI Security Manual and 5 FAM 900 are complementary instructions, and that 5 FAM 900 extends to and should be followed by INR/IS. (Recommendation V-4)

The resultant delay by DO in promptly initiating an investigation is regrettable; the inspectors find no adequate explanation as to why a damage assessment and a formal investigation by DO should not have been accomplished concurrently. The loss of classified information through negligence and the failure to report such losses are potential criminal violations, as described in 18 USC 793(f). Interviews with A/SY/OPS/DO officers revealed that they were unaware of this fact and consequently, for evidentiary purposes, failed to adequately protect and establish a proper chain of custody for the Morning Summaries recovered at Lorton when they returned the documents to INR/IS/SB for the damage assessment. The inspectors

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also learned that A/SY/OPS/DO has no written standing operating procedures to be followed in the investigation of procedural security violations that may fall under criminal statutes such as 18 USC 793. (Recommendation V-5)

Moreover, while the regulations call for a damage assessment when classified documents are compromised (5 FAM 966.2.e.), there is no implementing instruction or guidance for officers tasked with its preparation as to what purpose the assessment is to serve, how it is to be accomplished, or its ultimate disposition. The inspectors recommend that detailed implementing instructions and guidance be developed and incorporated in 5 FAM 966.2e). (Recommendation V-6)

S/IG's inquiry was complicated when, in a letter dated November 23, the FBI advised Undersecretary Spiers that it had sole responsibility for investigations under 18 USC 793(f). If true, this calls into question what role, if any, A/SY has in the investigation of breaches of procedural security that involve a loss of documents. This issue must be resolved. (Recommendation V-7)

Because the Morning Summaries are classified top secret/codeword, the inspectors also examined top secret control procedures. Under existing Department instructions, A/SY/OPS/DO is responsible for maintaining and updating the list of top secret control officers, and for insuring that top secret inventories are conducted upon change of custodian, or annually on October 31. The regulations also stipulate that domestic top secret inventories are to be submitted to A/SY/OPS/DO (5 FAM 961.1-3.g). The responsibility for maintaining these inventories, however, was transferred to A/OPR/FAIM by memorandum dated April 1980 from then Undersecretary for Management Ben H. Read, and was predicated on FAIM's data base for retrieving telegrams and airgrams (the regulations have not, however, been changed to reflect this fact). Moreover, FAIM's system of records does not include other types of top secret written reports or memoranda.

Interviews with FAIM personnel and a brief review of FAIM files lead the inspectors to conclude that the submission of domestic annual top secret inventories is not uniformly accomplished as required, and that FAIM's limited personnel resources preclude vigorous efforts to monitor submissions. Moreover, A/SY/OPS/DO has not actively monitored FAIM operations to ensure compliance with top secret inventory requirements. A function that was once vested in A/SY/OPS/DO has been transferred to another operational element of the Department, with attendant confusion over responsibilities. The A Bureau, together with A/SY

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and A/OPR/FAIM, should undertake a fresh study of the existing arrangement with a view toward determining whether the present division of responsibility best serves the Department's needs. (Recommendation V-8)

Regardless of what that study shows, A/OPR/FAIM should ensure that top secret inventories are submitted promptly (Recommendation V-9) and A/SY/OPS/DO should monitor this process to ensure that compliance with the regulations is accomplished. (Recommendation V-10). The inspectors also note that although the regulations (5 FAM 961.1-5) call for inventories annually or upon change of custodian, they do not require the submission of negative reports of top secret holdings. This makes it impossible to check systematically for compliance. 5 FAM 961.1-3.g should be amended to require annual submission of negative reports of top secret holdings (Recommendation V-11)

C. Recommendations

The A Bureau should ensure that:

V-1. Functions, positions, and personnel are transferred from A/SY/PSI/I/SIB and reconsolidated in A/SY/OPS/DO/PB, which should then pursue all domestic investigations into procedural security violations. A/SY/OPS/DO should have sufficient resources to permit it to carry out adequately the full range of its responsibilities (see 5 FAM 900, particularly 990.1).

V-2. A/SY/OPS/DO conducts scheduled procedural security surveys of Main State and its annexes to ensure that prescribed measures for safeguarding classified information are in effect.

V-3. Security officers in A/SY/OPS/DO/PB are assigned specific liaison responsibilities for designated Department bureaus and offices.

V-4. A/SY/OPS/DO undertakes liaison with INR/IS/SB to ensure that INR/IS understands and complies with the Department's security regulations (5 FAM 900), or any variances approved by M. A/SY's responsibilities to INR's SCI facility should include inspections to assure that SCI security regulations are followed. This should be done jointly with INR/IS/SB.

V-5. A/SY/OPS/DO reduces its current investigative practices to writing in the form of a standard operating procedure (SOP). This SOP should contain a section that treats non-routine procedural violations such as those that may fall under 18 USC 793; procedures for the preservation and examination of those

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documents retrieved as evidence; and the requirement to report in writing to the DAS for Security, through appropriate channels, any major infractions of procedural security regulations.

V-6. A/SY/OPS/DO prepares a damage assessment procedure, to include a format containing a statement of purpose for use by those officers tasked with preparing damage assessments following a possible compromise of classified information. Detailed implementing instruction and guidance should be incorporated in 5 FAM 966.2e.

V-7. A/SY/OPS/DO, together with the Office of the Legal Advisor, ascertains whether the FBI has sole responsibility for investigations under 18 USC 793(f), as asserted. This examination should focus on defining precisely what types of procedural security violations fall under FBI jurisdiction; how and when they should be reported by the Department; what role, if any, the Department should have in preliminary or extended inquiries; and whether there are any limitations on concurrent or joint inquiries. A memorandum of understanding should then be executed.

V-8. A study is undertaken to determine whether the current arrangement, under which A/OPR/FAIM is the repository for domestic top secret inventories, adequately serves the needs of the Department.

V-9. A/OPR/FAIM ensures that all designated top secret control officers submit their inventories promptly upon change of custodian or annually as required by regulation. A/OPR/FAIM should have sufficient resources to carry out this function.

V-10. A/SY/OPS/DO together with A/OPR/FAIM monitors the submission of top secret inventories to ensure compliance with the regulations.

V-11. A/SY/OPS/DO amends 5 FAM 961.1-3.g to require the annual submission of negative reports of top secret holdings.

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CONCLUSION

Of necessity, this inquiry has focused on the specific questions of how and why classified material from two different Department offices came to be discovered at the Lorton Correctional Facility and what can be done to prevent a recurrence of such incidents. The foregoing report presents the results of our efforts and specific recommendations to assure that these two incidents will not be repeated.

In the course of the investigation, however, there was an opportunity to observe what is being done in general to safeguard documents and data. Based on these observations, we found that security procedures for safeguarding documents and data, particularly those in containers being moved from one location to another, were not being uniformly observed. Thus, the report of investigation includes a series of recommendations designed to improve safeguards and information handling procedures throughout the Department.

We recognize that there must be a balance between security considerations and operational requirements. Documents and data can only be totally secure if they are permanently stored in containers to which no access at all is permitted. But documents and data must be physically available if they are to be useful. During the course of this inquiry, we have the impression that the balance may have tilted too far toward ease of use.

Realistic assessments of costs and benefits must be made to have the maximum possible combination of security and utility. If nothing else, we can hope that the Lorton incident provides an opportunity to focus attention on the balancing process and make the necessary corrections.

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